

**BANK INDONESIA REGULATION  
NUMBER 2/10/PBI/2000**

**CONCERNING**

**AMENDMENT TO BANK INDONESIA REGULATION NUMBER  
1/10/PBI/1999 CONCERNING PORTFOLIO OF GOVERNMENT  
BONDS FOR COMMERCIAL BANKS PARTICIPATING IN THE  
BANK RECAPITALIZATION PROGRAM**

**THE GOVERNOR OF BANK INDONESIA,**

- Considering:
- a. whereas within the framework of the development of the secondary market for government bonds and to permit banks greater room for maneuver in managing their liquidity requirements, measures are needed to enlarge the trading portfolio of government bonds held by commercial banks participating in the recapitalization program;
  - b. now therefore it is deemed necessary to amend Bank Indonesia Regulation Number 1/10/PBI/1999 concerning Portfolio of Government Bonds for Commercial Banks Participating in the Recapitalization Program;

- In view of:
1. Act Number 7 of 1992 concerning Banking (State Gazette Number 31 of 1992, Supplement to the State Gazette Number 3472) as amended by Act Number 10 of 1998 (State Gazette Number 182 of 1998, Supplement to the State Gazette Number 3790);

2. Act Number 23 ...

2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette Number 66 of 1999, Supplement to the State Gazette Number 3843);
3. Government Regulation Number 84 of 1998 concerning the Recapitalization Program for Commercial Banks (State Gazette Number 197 of 1998, Supplement to the State Gazette Number 3799);
4. Bank Indonesia Regulation Number 1/10/PBI/1999 concerning Portfolio of Government Bonds for Commercial Banks Participating in the Recapitalization Program (State Gazette Number 211 of 1999, Supplement to the State Gazette Number 3917);

**HAS DECREED:**

To enact:

**THE BANK INDONESIA REGULATION CONCERNING AMENDMENT TO BANK INDONESIA REGULATION NUMBER 1/10/PBI/1999 CONCERNING PORTFOLIO OF GOVERNMENT BONDS FOR COMMERCIAL BANKS PARTICIPATING IN THE BANK RECAPITALIZATION PROGRAM.**

**Article 1**

Hereby are amended several provisions of Bank Indonesia Regulation Number 1/10/PBI/1999 concerning Portfolio of Government Bonds for Commercial Banks Participating in the Recapitalization Program as follows:

1. The provisions of Article 3 are amended so that Article 3 in its entirety reads as follows:

**“Article 3**

- (1) A Bank may conduct trading of Bonds commencing from February 1, 2000, to a maximum of 10% (ten percent) of the overall value of Bonds

purchased...

purchased at the date that the Bank received cash equity participation from the Government under the Commercial Bank Recapitalization Program.

- (2) Bank Indonesia shall designate and announce the type and series of trading Bonds as referred to in paragraph (1) in a Circular Letter of Bank Indonesia.
- (3) Banks shall report to Bank Indonesia concerning the number, type, and series of trading Bonds at any time in accordance with the provisions referred to in paragraph (1) and paragraph (2).
- (4) The number, type, and series of Bonds for trading by Banks as referred to in paragraph (3) shall become effective 1 (one) working day after Bank Indonesia has received the Bank report."

2. Hereby is added a new provision in Article 4, which becomes Article 4 paragraph (3) and reads as follows:

"Article 4

- (3) In the event that Bank Indonesia determines an increased percentage of trading Bonds as referred to in paragraph (1), the provisions stipulated in Article 3 paragraph (2), paragraph (3), and paragraph (4) shall apply."

3. The provisions of Article 5 are amended so that Article 5 in its entirety reads as follows:

"Article 5

A Bank holding Bonds issued by the Government after January 31, 2000 as cash equity participation from the Government under the Commercial Bank Recapitalization Program may trade the Bonds to a maximum of the effective percentage referred to in Article 3 and Article 4."

4. The provisions of Article 6 paragraph (1) are amended so that Article 6 paragraph (1) in its entirety reads as follows:

"Article 6 ...

“Article 6

- (1) Banks shall arrange bookkeeping transfer of trading Bonds as referred to in Article 3 paragraph (3) and Article 4 paragraph (3) from the Investment Portfolio to the Trading Portfolio.”

5. The provisions of Article 10 paragraph (1) are amended so that Article 10 paragraph (1) in its entirety reads as follows:

“Article 10

- (1) Any Bank failing to comply with the provisions referred to in Article 2, Article 3 paragraph (3), Article 4 paragraph (3), Article 6, Article 7, Article 8 paragraph (2), Article 9 paragraph (1), paragraph (4), and paragraph (6) shall be liable to administrative sanctions as referred to in Article 52 of Act Number 7 of 1992 as amended by Act Number 10 of 1998.”

Article II

This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in Jakarta,

Date: March 29, 2000

**THE GOVERNOR OF BANK INDONESIA**

(signed)

**SYAHRIL SABIRIN**

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 39 OF 2000

**ELUCIDATION  
TO  
BANK INDONESIA REGULATION  
NUMBER 2/10/PBI/2000  
  
CONCERNING  
  
AMENDMENT TO BANK INDONESIA REGULATION NUMBER  
1/10/PBI/1999 CONCERNING PORTFOLIO OF GOVERNMENT  
BONDS FOR COMMERCIAL BANKS PARTICIPATING IN THE  
BANK RECAPITALIZATION PROGRAM**

**I. GENERAL REVIEW**

As is generally known, in follow up to bank recapitalization program it has been stipulated that government bonds held by commercial banks participating in the recapitalization program may be traded in accordance with the trading portfolio limit stipulated by Bank Indonesia. Furthermore commercial banks shall determine and report to Bank Indonesia the amount of trading bonds. The reported amount constitutes the limit of the trading portfolio, even though this amount may be below the maximum percentage or limit stipulated by Bank Indonesia.

To promote secondary market trading in government bonds while also permitting commercial banks greater room for maneuver in managing their liquidity requirements, it is necessary to adopt measures to enlarge the trading portfolio of government bonds held by commercial banks insofar as it does not exceed the limit or percentage stipulated by Bank Indonesia.

**II. ARTICLE BY ARTICLE**

## II. ARTICLE BY ARTICLE

### Article I

#### Number 1

##### Paragraph (1)

Self-explanatory.

##### Paragraph (2)

Self-explanatory.

##### Paragraph (3)

In the event that a Bank wishes to increase the amount, type, and series of trading Bonds from the previously reported amount, type, and series, the increase shall be reported to Bank Indonesia insofar as it remains within the maximum limit of the permitted amount in accordance with the provisions of paragraph (1) and the limit on the type and series stipulated in accordance with the provisions in paragraph (2).

##### Paragraph (4)

Self-explanatory.

#### Number 2

##### Paragraph (3)

Self-explanatory.

#### Number 3

##### Article 5

A Bank owning Bonds issued by the Government after January 31, 2000 is defined as a Bank having received Government equity participation in cash under the Commercial Bank Recapitalization Program after that date.

Number 4

Number 4

Article 6

Paragraph (1)

The Bonds transferred by bookkeeping transfer shall conform to the type and series stipulated by Bank Indonesia.

Number 5

Article 10

Paragraph (1)

Self-explanatory.

Article II

Self-explanatory.

